

DEPARTMENT OF THE ARMY  
Omaha District, Corps of Engineers  
6014 U.S. Post Office and Courthouse  
Omaha, Nebraska 68102-4978

DM 37-1-3

MRORM-F

Memorandum  
No. 37-1-3

10 March 1986

Financial Administration  
CONTROL OF FUNDS

1. Purpose. This memorandum prescribes procedures for control of funds, for recording of commitments under certain Military Funds, and for recording of obligations under both Military and Civil Funds.
2. Applicability. It is applicable to all elements of the Omaha District.
3. References.
  - a. ER 37-345-10.
  - b. ER 37-2-10.
  - c. ER 1180-1-1, Section 1, Part 4.
  - d. AR 37-20.
  - e. AR 37-21.
4. Procedures. Commitment and obligation documents will be processed in accordance with policies and procedures contained in the attached appendixes.

FOR THE COMMANDER:



3 Appendixes  
APP A - Control of Funds and  
Recording of Commitments-  
Military Funds  
APP B - Control of Funds and  
Recording of Obligations-  
Military and Civil Funds

ROGER B. WHITNEY  
LTC, Corps of Engineers  
Deputy Commander

DISTRIBUTION:

A  
B

APPENDIX A

CONTROL OF FUNDS AND  
RECORDING OF COMMITMENTS - MILITARY FUNDS

1. A commitment, as defined in AR 37-21, is an "Administrative reservation of funds, based upon firm procurement directives, orders, requisitions, or requests which authorize the creation of an obligation without further recourse to the official responsible for administrative control of funds."

2. Formal commitment accounting is required for the following Army appropriations:

a. Procurement appropriation (21\*2031, 21\*2032, 21\*2033, 21\*2034, and 21\*2035).

b. Research, development, test and evaluation (21\*2040).

c. Military construction appropriations (21\*2050, 21\*2085, 21\*2086, and 21-97\*0700).

3. The issuance of a commitment authorizing an obligation to be incurred in excess of available funds is in violation of 31 USC 1517.

4. The procedures to be followed by the Omaha District in recording commitments against available funds are as follows:

a. Contracts. Contracts requiring approval of higher authority will be routed through the F&A Branch for certification of the funds for commitment, and release to the Contracting Officer for signature.

b. Supplemental agreements. These will be routed through the F&A Branch for certification of the funds for commitment, prior to mailing to the contractor for signature. The Procurement and Supply Division will notify the F&A Branch when the document has been returned and signed by the Contracting Officer.

c. Modification to contracts approved by Area and Resident Engineers. All replies to inquiries from Area and Resident Engineers, authorizing funds for modifications and overruns (and subsequent changes) will be routed to the F&A Branch prior to dispatch for certification of funds for commitment, and withdrawal of one copy.

d. Declaration of Taking (not preceded by option). Letters forwarding the assembly to USACE will be routed through the F&A Branch for certification of the funds for commitment, withdrawal of one copy and release for signature.

DM 37-1-3  
10 Mar 86  
APP A

e. Deficiency judgment. The letter forwarded to USACE in accordance with paragraph 18, ER 405-1-640, will be routed through the F&A Branch for certification of the funds for commitment, withdrawal of a copy, and release for signature. If the courtesy copy of the notice of award is received from the local District Attorney prior to forwarding the above letter, it will be used as a basis for commitment.

f. Orders for reimbursable work or services, agreements, etc. DA Form 2544 (Intra-Army Order for Reimbursable Work or Services) and DD Form 448 (Military Interdepartmental Purchase Request) will be used to enter into agreements with all Department of Defense agencies for work or services to be performed on a reimbursable basis. For agencies outside the Department of Defense, letters of agreement will be used. All such documents evidencing a desire to enter into a reimbursable agreement will be routed through F&A Branch for commitment of funds and withdrawal of a copy prior to mailing.

g. Obligation Authorities (OA). These will be committed in the full amount by the F&A Branch when the OA is forwarded to the requesting office.

h. Resettlement expenses. Resettlement expense documents requiring approval of higher authority will be routed through the F&A Branch for certification of the funds for commitment, withdrawal of one copy, and release for mailing or signature.

i. Contingent liabilities. Contingent liabilities should be carried as outstanding commitments pending determination of actual obligations.

5. All documents routed through the F&A Branch for commitment will include a copy for withdrawal showing the complete accounting classification and ADP Work Code to be charged.

APPENDIX B

CONTROL OF FUNDS AND RECORDING OF OBLIGATIONS

MILITARY AND CIVIL FUNDS

1. The Chief of Engineers has issued instructions emphasizing the importance of administrative control of funds to prevent overobligations of allotments and Fund Authorizations and calling attention to the penalties that may be imposed upon individuals creating overobligations. A portion of those instructions follows:

a. No obligations will be created and no expenditures will be incurred which are in excess of fund authorization documents or funds allotted. Funds allotted will be interpreted to be those for which actual Advices of Allotment and Fund Authorization Document (FAD) have been received and/or those wherein Advice of Allotment numbers and date of issue (availability) have been furnished by teletype or other written communications from the Chief of Engineers, Office of the Engineer Comptroller, or other similar offices.

b. Similarly, obligations will not be created in excess of a quarterly MRD apportionment for obligations and reimbursements, and/or other allocation of funds received from MRD.

c. Positive action will be taken to ensure that agreements reached between Technical Staff Divisions of Division and District Offices and other agencies which result in expenditures chargeable to allotted funds, are reported to the Finance and Accounting Branch for obligation.

d. A joint review of unliquidated obligation files will be conducted in accordance with DM 37-2-4 for assurance that obligation documents provide complete coverage for obligations actually incurred and for release of funds no longer required.

e. Increases, decreases, or cancellations of previously processed obligating documents will be reported promptly to the Finance and Accounting Branch to enable adjustment of recorded obligations. When a contract is terminated, the estimated termination costs will be furnished in addition to the amount of obligations to be deobligated.

f. The overobligation of a FAD, allotment or apportionment at any time during a month, inadvertently or otherwise, constitutes a violation of 31 USC 1517 and a "flash report" will be submitted immediately to the Chief of Engineers. Chiefs of divisions or branches will be held responsible for preparation of these reports in accordance with paragraph 2-2 of AR 37-20 and USACE Supplement 1 to AR 37-20.

DM 37-1-3  
10 Mar 86  
APP B

g. The law is specific in requiring that some individual(s) must be named as responsible for the overobligation. Confusion or inexperience may have an influence on the severity of administrative discipline imposed, but it can have no bearing on the responsibility of individuals. The person(s) investigating the incident will determine the person(s) responsible and indicate them individually by name, grade, and position. All pertinent facts should be set forth in the report. The Chief of Engineers, within the purview of his/her authority, will determine the discipline to be administered in each instance.

h. All contracting officers, contracting officer representatives, and ordering officers will be furnished a copy of 31 USC 1517 at the time of their appointment. They must review this statute annually and furnish the following statement to the Procurement and Supply Division within 10 days after appointment and annually thereafter by 15 October of each succeeding year.

DATE \_\_\_\_\_

I CERTIFY THAT I HAVE THOROUGHLY REVIEWED 31 USC 1517 ON (DATE OF REVIEW, WHICH SHOULD BE IN OCTOBER OF EACH YEAR).

	_____ JOHN DOE
(Title)	Contracting Officer Contracting Officer Representative Ordering Officer

Internal review and inspection personnel of the field operating activity will periodically review the Contracting Officer files for completeness.

i. The signature of an authorized contracting officer, contracting officer representative, or ordering officer on any obligation document constitutes certification that funds are available. Contracting or ordering officers in the District Office must assure themselves that funds are available by routing all obligation documents through the Finance and Accounting Officer. Contracting or ordering officers not in the District Office must assure themselves of fund availability by determining that all

documents are within the dollar limits of operating budgets furnished by various elements of the District Office. Area or Resident Engineers should review existing controls periodically for adequacy; and if none exist, take necessary action to establish such controls.

## 2. Recordable Obligations.

a. Amounts recorded as obligations must be supported by documentary evidence of the Government's liability. Two signed copies of the document which obligates or a certified true photographed or similarly reproduced copy reflecting all required signatures, will be furnished the Finance and Accounting Branch.

b. Obligation documents for which funds have been previously committed need not be routed through the F&A Branch for validation of funds unless the amount to be obligated is greater than the amount committed. These documents should be accompanied by a copy of the commitment document when presented to the obligating official for signature. Immediately after signature, a signed copy of the document will be routed to the F&A Branch clearly cross-referenced to the commitment document, and marked "For obligation purposes."

3. The procedures to be followed by the Omaha District in recording obligations of civil and military Funds available to this office, unless otherwise stated are:

### a. Contracts.

(1) Continuing Type (includes cost reimbursable and supply). Initial obligation will be the award notice. The amount of funds available for initiating the work (taken from the specifications) will be noted on the bottom of the F&A copy of the award notice. Thereafter, the recorded obligation will be increased and decreased only as supported by a formal notice to the contractor of the funds available for payment of the estimates. Each obligating document will be sent to F&A Branch for certification of funds, withdrawal of copy, and release to the Contracting Officer for signature. Where award by schedules is permitted, the Engineering Division will furnish the Procurement and Supply Division a breakdown by schedule of the amount stated in the specifications.

(2) Lump-Sum. Initial obligation will be the award notice which will state the face amount of the contract. Modifications will be obligated as stated in subparagraph (12) below.

(3) Cost reimbursable and unit price with variable quantities (noncontinuing type). Initial obligation will be the award notice which will state the face amount of the contract. Modifications will be obligated as

DM 37-1-3  
10 Mar 86  
APP B

stated in subparagraph (12) below. Obligations will be recorded by the F&A Branch from the formal payment estimate when a pay item overrun actually occurs and has been accepted. Underruns for both civil and military contracts will be reported to the Construction Division immediately when they become apparent, who, in turn, will notify the F&A Branch to reduce obligations.

(4) Cost-Plus-Fixed-Fee Contracts. Obligations will be recorded for the amount of the total estimated payments and the fixed fee provided for in the contract, but not in excess of the maximum current liability shown. The amount so recorded will be increased or decreased by amendments to the contract.

(5) River contracts (noncontinuing type). Initial obligation will be the award notice which will state the face amount of the contract. Letters ordering work under these contracts will show the project chargeable and the current working estimate for contract earnings and will be sent to F&A Branch for certification of funds, withdrawal of a copy, and release to Contracting Officer for signature. Obligations will be adjusted to the CWE given in the letter. When the CWE for a contract changes without a change in work ordered, a revised CWE will be sent by Engineering Division through the Contracting Officer for approval and release to F&A Branch for adjustment of obligation. Copies of all letters and CWE's will be furnished the Program Development Office.

(6) Supply Contracts (noncontinuing type). Initial obligation will be the award notice which will state the face amount of the contract. Variations in quantity at time of delivery will be obligated simultaneously with the accrual of the expenditure or establishment of the amounts payable.

(7) A-E Contracts - with options. Initial obligation will be the award notice which will state the basic amount of the contract. Modifications will be obligated as stated in subparagraph (12) below. Options will be obligated as they are exercised through notice to the contractor sent to F&A Branch for certification of funds, withdrawal of a copy, and for release to the Contracting Officer for signature. A copy bearing the certification of the F&A Branch will be furnished the Procurement and Supply Division. If the amount of an option already exercised is increased by modification, the Engineering Division will notify the F&A Branch of the additional amount to be obligated, by memorandum, or by a statement in the modification.

(8) Survey contracts paid initially from civil revolving fund and subject to time limitation only. Obligations will be recorded from F&A Branch copy of letter prepared by the Engineering Division to the contractor authorizing him/her to proceed, which will state the estimated amount, the funds chargeable, and an identifying letter order (LO) number to be used on all future transactions for that particular survey or test. Revisions to this amount will be by the new letter to the contractor if scope of work is changed or by office memo to F&A Branch if scope is unchanged. Each receiving report will show whether it is partial or final billing against the applicable letter order.

(9) Laboratory testing contracts. Obligation will be the award notice which will state the face amount of the contract. When more than one accounting classification is cited, estimated amounts furnished by the requisitioning unit will be shown opposite each fund cited. As soon as it is expected that the estimate amount will differ from that stated in the contract, a new CWE will be furnished by the requisitioning unit and sent to the Contracting Officer for approval and release to F&A Branch for obligation.

(10) Expert service contracts. Obligations will be recorded from F&A Branch copy of letter prepared by the Engineering Division to the consultant ordering him/her to perform services which will state the estimated amount of the fee chargeable to each project. Revisions to this amount will be by new letter to the consultant if the scope of the work is changed, or by office memo to F&A Branch if scope is unchanged. Each letter must contain a reference to the contract number.

(11) Rental contracts. Obligations will be recorded monthly for the current month plus an amount to cover termination clauses or provisions.

(12) Modification, including supplemental agreements.

(a) District Office. Modifications will be sent to the F&A Branch for certification of funds, withdrawal of a copy, and release to the Contracting Officer.

(b) Field Offices. Contracting Officer Representatives (COR's) will request programing action, by telephone from the Contract Administration Branch (CAB), Construction Division, to cover modifications, under Civil noncontinuing type contracts, for which they (COR's) are going to issue Notice to Proceed. CAB will budget the amount with Program Development Office and confirm by teletype to the COR with information copies to F&A Branch and Program Development Office. Prior to issuing Notice to Proceed (NTP), COR's will telephone F&A Branch (Ext. 3962 or 3964) to obtain certification of fund availability. F&A Branch will make record of the call



DM 37-1-3  
10 Mar 86  
APP B

on copy of teletype furnished by CAB and will use it as an obligating document until a signed and dated copy of the NTP is received. COR's will, that same day, furnish a signed and dated copy of the NTP to F&A Branch and an information copy to CAB who will further distribute the NTP to the Program Development Office. In the event the NTP is not issued the same day as the phone call, the F&A Branch will be notified.

For military funds, follow the same procedure prescribed for civil funds except that CAB will budget the amount by teletype to COR (Program Development Office is not involved). To obtain certification of fund availability, COR's will telephone F&A Branch (Ext. 3969 or 3968).

(13) Letter contracts, letter orders, and letters of intent.

(a) District Office. These will be sent to F&A Branch for certification of funds, withdrawal of a copy, and release to Contracting Officer for signature. They will contain information to identify the funds properly chargeable and a statement directing the contractor to proceed. Copies will be furnished to the Contract Branch, Procurement and Supply Division, and Engineering Division.

(b) Field Offices. A signed and dated copy of each letter order indicating funds chargeable will be furnished the F&A Branch concurrently with mailing to supplier.

(14) Documents requiring approval of higher authority. Obligating documents, which require approval of higher authority, for example, supplemental agreements, civil AE contract, etc., should be brought to the attention of the F&A Branch at the time the initial document is forwarded for certification, at which time funds will be reserved and/or committed. No obligation will be recorded until the F&A Branch has been further advised that approval has been obtained from higher authority.

b. Intra-Governmental Agreements.

(1) All requests for work or services to be furnished by other Districts, Divisions (including MRD), USACE, and other Army installations will be documented on DA Form 2544, Intra-Army Order for Reimbursable Work or Services. DD Form 448 (Military Interdepartmental Purchase Request) will be used for all other Defense Departments/agencies within the Department of Defense. Agreement with other Governmental agencies will be evidenced by letters of agreement.

(2) Each order will be prepared in original and five copies by the office requesting the services. The F&A Branch will be furnished the

original four copies, and mailing envelope for approval and dispatch to performing agency. When the forms have been returned, two copies signed by the performing agency will be furnished the F&A Branch for recording the obligation. Changes to the original order will follow the same preparation and distribution instructions.

c. Purchase Orders.

(1) DD Form 1155.

(a) District Office. These will be routed through the F&A Branch for certification of funds and release to Contracting Officer who will sign copies 1, 2, and 4, and date his/her signature.

(b) Field Offices. Copies 1 and 2 (signed and dated) will be mailed to the F&A Branch no later than the morning of the first working day after preparation.

(2) SF 44. Obligations will be recorded simultaneously with the accrual of the expenditure.

d. Travel.

(1) Travel Authorization (T/O). Obligations will be recorded in an estimated amount (rate X days) immediately upon issuance. In the case of PCS orders, the estimated amounts (by type of entitlement) for obligation will be furnished by the Personnel Office.

(2) Transportation Requests (T/R). Transportation agents will promptly forward one copy of each T/R (showing estimated value) to the office concerned for preparation of ENG Form 4480 and submission to F&A Branch.

e. Bills of Lading. Same as T/R's.

f. Utilities - electricity, communications, etc. Obligations will be recorded as of the first of the month in which the billing period ends even though the services furnished cover part of 2 months.

g. Claims.

(1) Claims payable pursuant to law will be obligated when approved by higher authority.

(2) Documents evidencing a legal liability of the Government will be obligated when approved by competent legal authority.

DM 37-1-3  
10 Mar 86  
APP B

h. Real Estate Activities.

(1) Options. These will be obligated prior to signature of the Contracting Officer.

(2) Declaration of Taking (D/T). These will be obligated upon the payment of the amount required to be deposited in the court, except when previously obligated by option.

(3) Judgment. These will be obligated at the time notice of court award and authority to pay are received from USACE, if sufficient funds are available.

i. Personal services and other revolving fund billings. Obligation will be recorded monthly at the beginning of each month on an estimated basis and must be realistic to cover the work to be performed. The work performed during the month must be within the scope of the work covered by the estimate. Increases to realistic obligations can be made only if the scope of the work increases; likewise, decreases can be made only if the scope of the work decreases. Requests for revisions to previously submitted estimates will contain a statement consistent with the above.

j. Supervision and Administration (S&A). Obligation for these costs, financed initially by the Civil Works Revolving Fund, will be recorded under the applicable military construction funds in total (estimated) at the time the related contracts or modifications are obligated.

k. Engineering and Design by Government Forces (E&D), including all overhead. Obligation for these costs, financed initially by the civil works revolving fund, will be recorded under the applicable military design and/or construction funds on a quarterly basis.

5. If funds are available, increases in obligations which are required to make final payment on any contractual document will be recorded from pay estimates not marked final provided they are accompanied by a signed statement from the Contracting Officer's Representative or the Area Engineer, stating that the estimate reflects final earnings of the contractor but is not marked "final" pending completion of minor deficiencies or other reasons. Program Development Office will be advised of any substantial obligation adjustments on civil works activities.

6. Documents, which are the basis for recording or changing obligations, must be signed and dated by the Contracting Officer or an authorized representative of the Contracting Officer (COR); and two signed and dated copies containing, as a minimum, the following will be furnished the F&A Branch:

a. Complete citation of funds to be obligated, including appropriation, allotment, project code, objective classification, station symbol, BAN or Budget Station Number, Project Account Number, and ADP Work Code.

EXAMPLES:

57\*3300 377-6718 P351-3200 BAN 3-448 S25066.....(KA3702300182004)

21\*2050 608-9218 P6100-3200 S25066.....(MA6350600182004)

96X3122 Construction General, CE, Civil.....(BF2105011C00000)

\* Fiscal Year of Funds

(NOTE: Citation of funds will not be included in the body of a telegram. The fund citation will be placed in the lower portion of the message.)

Letters or telegrams accepting a contractor's proposal will also include the following:

b. Statement that contractor's proposal of \$ \_\_\_\_\_ for  
\_\_\_\_\_ under Contract No. \_\_\_\_\_  
(if applicable) is accepted.

c. Notice to proceed (if appropriate). In no case will an obligating document be sent to F&A Branch preceding the directive to which it pertains. Information as to whether funds have been received can be obtained by telephone from the Budget and Management Branch. If a document cannot be released for any reason, the F&A Branch will notify the originator of the document by telephone. The document will then be returned direct to the sender with a written statement of what is needed to permit certification and release.

d. AR 37-21 requires that the F&A Branch have a signed obligating document or a copy of the signed document and that obligating signatures be dated. An obligating signature is defined as that signature, including the authorized title of the person signing the document (for example, Contracting Officer, Ordering Officer, COR, etc.), which has the effect of forming a valid obligation on the part of both parties to the contract. To comply with the above requirements, the following procedures will be applicable to Omaha District obligations:

(1) Any type communication obligating the Omaha District, such as notices of award, notices to proceed on change orders, delivery orders, for service contract etc., will not be dated until received and validated in the

DM 37-1-3  
10 Mar 86  
APP B

F&A Branch. The F&A Branch will validate and insert the current date prior to release for signature and mailing. Thus the date of the correspondence (added by F&A Branch), the validating date (obligating date), and the date of signature will all be in agreement. Two copies will always be prepared for the F&A Branch. One copy will be retained by F&A Branch when the document is validated. The Mailroom will return the second copy, signed by the proper official, to F&A after dispatch to confirm that the communication was actually dispatched, and to replace the copy retained by F&A at time of validation.

(2) The signature will be dated on copies 1, 2, and 4 of DD Form 1155 and on all copies of SF 44. The signature(s) on one copy of other formal instruments not preceded by any type of obligating communication will also be dated.

8. Before any document is released, including correspondence which obligates the Omaha District, be sure that it has been validated by the F&A Branch. Field offices should be sure that the amount is within approved operating budgets and that a copy is furnished the F&A Branch.